

LOAN NUMBER 3188 FIJ

Project Agreement

(Housing Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

HOUSING AUTHORITY

Dated June 22, 1990

LOAN NUMBER 3188 FIJ

PROJECT AGREEMENT

AGREEMENT dated June 22, 1990, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and HOUSING AUTHORITY (the Authority).

WHEREAS: (A) by the Loan Agreement of even date herewith between Fiji (the Borrower) and the Bank, the Bank has agreed to make available to the Borrower an amount in various currencies equivalent to sixteen million two hundred thousand dollars (\$16,200,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Authority agree to undertake such obligations toward the Bank as are set forth in this Agreement;

(B) by a subsidiary loan agreement to be entered into between the Borrower and the Authority, part of the proceeds of the loan provided for under the Loan Agreement will be made available to the Authority on the terms and conditions set forth in the said Subsidiary Loan Agreement; and

WHEREAS the Authority, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement, the Preamble to this Agreement and the General Conditions (as so defined) have the respective meanings therein set forth.

## ARTICLE II

### Execution of the Project

Section 2.01. (a) The Authority declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, shall carry out Parts D and E of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, and housing development practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Bank and the Authority shall otherwise agree, the Authority shall carry out Parts D and E of the Project in accordance with the Implementation Program set forth in the Schedule to this Agreement.

Section 2.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to the Loan Agreement.

Section 2.03. The Authority shall carry out the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement and Parts D and E of the Project.

Section 2.04. The Authority shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Bank shall otherwise agree, the Authority shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Loan Agreement or any provision thereof.

Section 2.05. (a) The Authority shall, at the request of the Bank, exchange views with the Bank with regard to progress of the Project, the performance of its obligations under this Agreement and under the Subsidiary Loan Agreement, and other matters relating to the purposes of the Loan.

(b) The Authority shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Loan, or the performance by the Authority of its obligations under this Agreement and under the Subsidiary Loan Agreement.

## ARTICLE III

### Management and Operations of the Authority

Section 3.01. The Authority shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and housing practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. The Authority shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof,

all in accordance with sound engineering, financial and housing practices.

Section 3.03. The Authority shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Authority shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) the Authority shall:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than nine months after the end of each such year:  
(A) certified copies of its financial statements for such year as so audited, and (B) the report of such audit by the said auditors of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning the said records, accounts and financial statements as well as the audit thereof, as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of the Authority's statements of expenditure, the Authority shall:

- (i) maintain or cause to be maintained in accordance with sound accounting practices, records and accounts reflecting such expenditures;
- (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made; and
- (iii) enable the Bank's representatives to examine such records.

Section 4.02. (a) Except as the Bank shall otherwise agree, the Authority shall earn, for each of its fiscal years after its fiscal year ending December 31, 1990, an annual return on its equity of at least 5%.

(b) Before June 30 in each of its fiscal years, the Authority shall, on the basis of forecasts prepared by the Authority and satisfactory to the Bank, review whether it would meet the requirements set forth in paragraph (a) in respect of: (i) the previous fiscal year; (ii) such fiscal year; and (iii) the next following fiscal year and shall furnish to the Bank the results of such review upon its completion.

(c) If any such review shows that the Authority would not meet the requirements set forth in paragraph (a) for the Authority's fiscal years covered by such review, the Authority shall promptly take all necessary measures (including, without limitation, adjustments of the structure or levels of its rates and fees on future loans) in order to meet such requirements.

(d) For purposes of this Section:

- (i) The annual return on equity shall be calculated by dividing the Authority's net operating income for the fiscal year in question by one half of the sum of the Authority's equity (capital and retained earnings) at the beginning and at the end of that fiscal year.
- (ii) The term "net operating income" means total operating revenues less total operating expenses.
- (iii) The term "total operating revenues" means revenues from all sources related to operations.
- (iv) The term "total operating expenses" means all expenses related to operations, including administration, adequate maintenance, taxes and payments in lieu of taxes, and provision for depreciation of the Authority's depreciable assets in accordance with a formula acceptable to the Bank.

Section 4.03. (a) Except as the Bank shall otherwise agree, the Authority shall, by its fiscal year ending December 31, 1995, attain a ratio of total operating expenses to average total assets not higher than 3%.

(b) Before June 30 in each of its fiscal years, the Authority shall, on the basis of forecasts prepared by the Authority and satisfactory to the Bank, ascertain whether it would meet the requirements set forth in paragraph (a) in respect of such year and the next following fiscal year, and shall furnish to the Bank the results of such review upon its completion.

(c) If any such review shows that the Authority would not meet the requirements set forth in paragraph (a) for the Authority's fiscal years covered by such review, the Authority shall promptly take all necessary measures (including, without limitation, adjustments of the structure or levels of its rates) in order to meet such requirements.

(d) For the purposes of this Section:

- (i) The term "total operating expenses" means all expenses related to operations, including administration, adequate maintenance, taxes and payments in lieu

of taxes, and provision for depreciation of the Authority's depreciable assets in accordance with a formula acceptable to the Bank.

- (ii) The term "average total assets" means one half the sum of the Authority's total assets at the beginning and at the end of the fiscal year.

#### ARTICLE V

##### Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

Section 5.02. This Agreement and all obligations of the Bank and of the Authority thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify the Authority thereof.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

#### ARTICLE VI

##### Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex, facsimile or radio gram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

Telex:

INTBAFRAD  
Washington, D.C.

440098 (ITT)  
248423 (RCA)

or

64145 (WUI)

For the Authority:

Housing Authority  
P.O. Box 1263  
G.P.O.  
Suva, Fiji

Cable address:

HOUSING

Suva

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of the Authority may be taken or executed by its Chief Executive or such other person or persons as the Authority shall designate in writing, and the Authority shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ A. Karaosmanoglu  
Regional Vice President  
Asia

HOUSING AUTHORITY

By /s/ Abdul Yusuf  
Authorized Representative

SCHEDULE

Implementation Program

1. The Authority shall appoint, and thereafter maintain, in full time positions, with qualifications, experience and terms of reference satisfactory to the Bank:

- (a) a project management advisor;
- (b) a corporate planner;
- (c) an electronic data processing manager; and
- (d) an accounting advisor.

2. The Authority shall transfer, as soon as completed, the electricity, and water supply and sewerage network installed under the Project to the Fiji Electricity Authority and the Public Works Department, respectively.

3. The Authority shall furnish by October 31, 1990 and by October 31 of each year thereafter to the Bank for review:

(a) its program and budget for the following year; and

(b) a projection of its financial performance for the following five fiscal years, and a report on its

financial performance during the previous twelve months.

